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OUR TRADE RELATIONS WITH LATIN AMERICA

Any consideration of our commercial relations with Latin America is so intimately connected with a discussion of the Monroe Doctrine that both may properly be considered together. Whenever we have been called upon to act in regard to Latin America, the Monroe Doctrine has been the basis of our policy. We have become so accustomed to this that all Americans have accepted the doctrine as essentially American—as an expression of our national life and a prophecy of its future.

The doctrine was called into being to prevent the encroachment of the Holy Alliance by way of South America and Mexico. It was enunciated as a national interest to prevent Russia's expansion in the Northwest; was reaffirmed by President Polk in his Mexican message of 1845; was appealed to for the preventing of European occupation of Yucatan in 1848; and was made the basis of negotiations in the Oregon boundary dispute with Great Britain. It was the cardinal point of the Venezuela boundary dispute in 1895; was recognized by Germany and other powers, and appealed to by President Roosevelt in his message concerning the "Peaceful Blockade of Venezuela," in 1901; and again in the trouble with Venezuela in 1903.

We are not concerned, primarily, with the history of our relations with the Latin-American countries, except to show how interlaced our interests and theirs have been. The economic and social development of Latin America has been slower than ours, but has followed the same general line of progress. It is the purpose of this article to keep in mind this similarity of development, showing how both are affected by general world-conditions, and finally to attempt to answer, in part at least, whether the two Americas have outgrown the Monroe Doctrine.

The danger of the Holy Alliance was as real for the one America as it was for the other. In all the past the dangers threatening either America have been recognized as mutual. As has been said, the development of the two has been parallel, only

slower in one case than in the other. Both spent their blood and treasure to throw off oppression and to establish popular sovereignty. Both have had great periods of internal improvement. Hamilton and his followers had a great political battle with Jefferson and his followers before manufactures could be built up. The War of 1812 led to the overthrow of the purely agricultural party. The republics of the South have had a fierce political and social struggle to establish their agriculture and mining on a firm basis. The progress of the North has been rapid; that of the South has been slower and fraught with greater vicissitudes, but has been none the less sure. The republic of the North has become the leading manufacturing nation of the world, a manufacturing exporter of third rank, and is knocking at the markets of the world for more general admittance. The republics of the South have become great exporters of agricultural staples and mining products, and large buyers of manufactured goods.

The development of American manufactures has been the most important economic change of the last fifty years. As an exporter of all sorts of commodities the United States has led the world for a long time, while the rapid development of our manufactures challenges our most careful attention.

In 1875 manufactures were only 16.57 per cent. of our total trade; in 1904 they made up 31.52 per cent., according to the Bureau of Foreign Commerce classification, which the census authorities reject because it cuts down manufactures too much and gives too much importance to agriculture. In 1870 manufactures formed 15 per cent. of our total domestic exports; in 1880, 12.48 per cent.; in 1890, 17.84 per cent.; in 1904, 31.52 per cent. Since 1880 agricultural exports have fallen from 83.52 to 59.48 per cent. of our total export trade. The actual increase in agricultural products has been but \$167,724,276, while the actual increase of manufactures exported has been \$349,589,684 for the same period. The increase of manufactures expressed in percentages has been 340, while that of agriculture has been but 24. For the fiscal year of 1905 the increase of manufactures and decrease of agricultural exports have been as marked as for the previous periods. Copper manufactures, exported, increased \$25,-

000,000; cotton manufactures, \$22,000,000; raw cotton, \$9,000,000; while iron and steel manufactures increased \$23,000,000, over the exports of the same commodities for 1904.

Here are facts that writers and thinkers may consider seriously. It seems that the American people are forced to enter the field to secure markets for their manufactures. The safety and furtherance of this trade naturally condition the prosperity of American industrial life to a large measure and bear directly upon the future of the American wage-earner. We need very little propaganda to secure markets for our agricultural products, in view of the increased home consumption and the continual demand of Europe. She must buy our food products; but she is under a lessening necessity to buy our manufactured goods, and is taking care to stop the "American invasion" with tariff walls. The Austrian preferential tariff in favor of Great Britain has worked as much havoc with American trade as has the South African Customs Union.

The "Yankee" trader has relied chiefly upon price to sell his commodities. This policy was sufficient in the days of freedom of trade; it is inadequate in this day of imperialism, when secret treaties and spheres of influence play so large a rôle. The progressive trader of other countries has known for some time that a mere paper "open door" is no open door when it is conditioned by strong private and governmental influence, such as the hustling agents of private trading companies and strong consular agents. This fact points the way to the imperative policy of the future.

Many writers point to the possibilities of oriental trade and seem to minimize that of South America. They say: "Expand in the Orient." They often go so far as to say that our trade with the colonies of other strong European nations is large. Their sanguine conclusions are hardly justified. Our trade with the outlying dependencies of France, Great Britain, Holland, and Belgium is extremely small. Our cotton trade with China is growing, and so is our copper trade; but they are threatened by the effectiveness of German trade specialists and the superior position of Japan as a probable manufacturer of the raw products of

China. The Russo-Japanese War has stimulated American trade with Japan, which will continue because of our friendliness with her; but it is not likely to last in view of possibilities of Japanese development, though she will, of course, buy much machinery from us.

The per-capita increase for the trade in the Orient has been slow, and will so continue to be, because these people are so near the limit of subsistence that the increase cannot be rapid. Moreover, Chinese and Japanese trade-guilds will resist to the last ditch the establishment of power factories which will throw them out of the market. The hand-tradesmen and ordinary workers will resist with equal zeal the introduction of changes. Notwithstanding our superior position in the Philippines, in view of all the obstacles we must encounter, we may safely predict that the per-capita increase of oriental trade will be slow. The total trade of various Asiatic countries is shown by the following table, which gives the total export and import trade, together with the share of each retained by the United States:

TABLE I
COMMERCE WITH ASIA AND OCEANIA¹

COUNTRIES	YEAR	IMPORTS			EXPORTS		
		Total	From U. S.	Per Cent. from U. S.	Total	To U. S.	Per Cent. to U. S.
ASIA—							
Ceylon	1902	\$ 35,515,152	\$ 235,383	0.66	\$ 32,249,609	\$ 3,240,121	10.66
China	1903	217,607,000	16,713,000	7.68	138,522,000	12,615,000	9.11
British E. Indies	1903	266,126,008	3,773,333	1.42	464,976,356	26,317,993	5.66
Dutch E. Indies	1902	72,595,000	1,597,299	2.20	95,102,000	14,212,864	14.94
French E. Indies	1902	42,386,000	62,361	0.15	41,075,000	4,974	0.01
Hong Kong	1904	.....	10,412,548	.....	.....	1,652,038	.....
Japan	1903	157,933,488	23,044,388	14.59	142,413,868	41,178,186	28.81
Formosa	1903	10,939,268	501,313	5.13	10,562,305	1,063,156	10.26
Korea	1902	6,744,000	257,130	3.81	4,142,000	.....	.....
Persia	1901-2	*23,703,000	.....	.....	15,243,000	.....	.....
Russia, Asiatic	1903	.....	1,562,384	.....	.....	68,197	.....
Siam	1902	15,782,000	106,000	0.67	21,103,000	8,000	0.04
Straits Settlement	1902	146,107,000	833,000	0.57	125,316,000	11,017,000	12.78
OCEANIA—							
Philippines	1903	33,811,384	3,837,100	11.35	32,396,746	13,017,426	40.35
Australia	1903	203,644,000	24,283,000	11.92	213,713,000	13,210,000	6.18
New Zealand	1902	55,121,000	6,419,000	11.65	66,403,000	12,384,000	1.96
Mauritius	1902	10,104,000	211,372	2.00	11,806,000	.....	.....
Hawaiian Islands	1904	15,481,034	11,683,393	75.47	25,204,825	25,157,255	99.81
Total Asia and Oceania		\$1,313,549,334	\$105,512,204	8.04	\$1,438,028,759	\$170,200,210	11.84

* Latest estimate, *Statesman's Year Book*, 1904.

¹ From the *Annual Review of Foreign Commerce of the United States*, 1904.

But note that the dominating national interest of Latin America is to secure markets for her agricultural and mining productions. The importance of South American trade is shown by the accompanying table, which exhibits the total export trade by countries and the share going from each to the United States, together with the total imports and the share supplied by the United States:

TABLE II
COMMERCE WITH LATIN AMERICA²

COUNTRIES	IMPORTS			EXPORTS		
	Total	From U. S.	Per Cent. from U. S.	Total	To U. S.	Per Cent. to U. S.
Brazil.....	\$113,288,000	\$11,136,000	† 10.00	\$117,323,000	\$71,583,000	60.46
Argentina.....	99,433,000	12,883,000	12.95	173,205,000	9,687,000	† 5.00
Chili.....	48,336,000	5,254,000	† 10.00	67,846,000	3,775,000	5.27
Uruguay.....	24,565,000	2,148,000	† 8.00	33,656,000	2,004,000	† 6.00
Central American Republics*	13,014,000	6,027,000	43.00	22,321,000	9,400,000	42.00
Rest of Latin America....	60,069,000	12,462,000	20.77	85,069,000	20,112,000	23.64

* Includes Mexico.

† Approximately this amount.

The smallness of our trade with South America, only about 10 per cent. of her total and 3 per cent. of our own total trade, has been attributed by many to the non-progress of the South American republics, due to the Monroe Doctrine and to their impotence. This is refuted by the proportion that we get of the trade of Central America and Mexico. The real reasons are, as has been pointed out by our commissions and consuls sent to study trade conditions: lack of banks and credit institutions; lack of careful organization and careful packing on the part of American merchants; lack of an intelligent understanding of the customs of the people; and finally, but most important of all, the constant refusal of the American Congress to make provision for reciprocity agreements.

The total trade of Latin America, as compared with that of Japan, China, and the Philippines, forms an excellent commentary upon the frequent question: "Is not the small trade with South America due to non-progress?" The total foreign commerce of

² *Ibid.*

Latin America was, for the fiscal year 1904, \$1,198,000,000, while that of Japan, China, and the Philippines was only \$728,000,000. A more complete answer is found in the enormous inflow of European capital, which is being used to develop the country. All Europe has over \$2,000,000,000 invested in the continent. Germany has 1,167,000,000 marks invested as follows: Guatemala, 140,000,000; Venezuela, 200,000,000; Brazil, 727,000,000; and Chili, 100,000,000. European capital seems to lack the much-talked-of timidity. Nor is the public debt large per capita, ranging from \$14 to \$35. There are fourteen nations with a much heavier per-capita debt than this, whose natural resources are not capable of as wide expansion.

Marked as has been the progress of Latin America when measured by increase of commerce and investment of capital, the educational and social progress of the countries south of the Amazon has been no less remarkable. Chili has as good a school system as many of our states, and a financial system that would be a credit to any country of twice her age. City life in Bolivia, Chili, and Argentina is as pleasant and furnishes as many conveniences as does life in the average European or American city. The strengthening of the finances of these countries, by redemption of paper and by putting them on a more stable silver or gold basis, has been one of their successful movements.

This progress of Latin America applies more particularly to the part south of the Amazon. Too many writers interpret conditions in South America in the light of the situation in the part lying north of the Amazon, and in Central America, where conditions have been unsettled. The people south of the Amazon are peaceable, more devoted to peace and trade than the average American realizes. They have given us the moral right to consider our relations with them under the Monroe Doctrine in relation to trade. They have been over-anxious to extend their trade with us. Such was the report of the Blaine Commission in 1886; such was their attitude shown at the Philadelphia Commercial Congress in 1899; while the last and best proof was the reception they gave Mr. Kasson, President McKinley's representative, who went to negotiate reciprocity agreements with

South and Central America. Secretary Blaine had told us that fifteen of the seventeen republics were anxious to make treaties in 1891. All the treaties were allowed to perish with the Wilson Bill in 1894. Yet we find Mr. Kasson able to make tentative treaties with British Guiana, Jamaica, Bermuda, the Barbadoes, Trinidad, Argentina, St. Croix, and the Dominican Republic. The other countries were waiting to see what our Congress would do before they moved. Their fears were well founded; Congress refused to consider the treaties seriously.

All progressive students of commerce know that the future lines of communication are to become more and more north and south, forming an exchange of the manufactures of the temperate zones for the agricultural staples of the tropics. In the case of the two Americas this trade will be facilitated by the Panama Canal. It will change the trade routes and bring the products of the west coast of South America to the United States, instead of sending them to Europe by the shorter route from the Horn. When the canal is finished, the products of the west coast will be exchanged for our products in the markets of the coast cities of the East and South.

As a market for our rapidly growing manufacturing trade South America gives much promise. Careful relations must be cultivated, as was recommended by the Blaine Commission in 1886. Steamship lines must be built and equipped to connect with the north-and-south railway lines already developed. Our traders must give as careful attention to the customs of the people as do the trading nations of Europe.

That the future progress of the Latin-American countries is to be great may be inferred from their increasing stability and devotion to peace. At the Pan-American Congress at the City of Mexico, 1903, all countries of South America represented agreed to sustain the Hague Convention, nine voted by joint treaty to arbitrate their differences, while every country sanctioned a joint protocol agreeing to submit to arbitration for five years pecuniary claims of their respective citizens against the signatory powers, when they could not be adjusted through the ordinary diplomatic channels. This remarkable advance for arbi-

tration made by the much heralded "revolutionary" South America is much in advance of the big republic of the North.

The facts already presented enable us to see the important results of the new nationalism. This rise of national self-interest, following closely upon the decline of the Gladstone type of Liberalism and *laissez faire* policy of England during the eighties, is the most important "world-movement" of this age. The displacement of the Gladstone type of policy has been so complete even in England that the Liberal party of Great Britain has been forced to adopt, practically, the foreign policy of its Conservative predecessor in power. The Gladstone liberal insists upon national introspection—a policy of bettering internal conditions with internal remedies. Imperialism applies the outside remedy to upbuild the state internally and externally.

The exercise of an imperialistic policy has made relatively sure the control of trade among the respective dependencies of England, Germany, and Holland; while France, combining ordinary imperialism with exclusive trade relations, has controlled the trade of her colonies, though her mistaken policy of the past has led to stagnation in many cases. A policy of *laissez faire* in international trade will not meet with the favor it did before the rise of the new nationalism.

Chief Austin, of our Bureau of Foreign Commerce, says :

A large proportion of the sales of the United Kingdom to her colonies is due to her colonial relations, and it would be but a small per cent. of its present enormous total had the territory which she now controls become the possession of some other manufacturing and enterprising nation.

Expansion of our markets in the Orient must take on more and more the complexion of carefully upbuilt political interests. The hope of securing a large part of the markets of the Orient probably lies along the lines of meeting the strong trading policy of England and Germany with a policy breathing the essence of the new nationalism. That the United States should shrink from this, if in the future it shall be necessary, no true believer in his country's future will admit. These facts only serve to emphasize the importance of furthering trade relations where such a policy is as yet unnecessary. South America is open; her markets can

be reached by a policy that seems more akin to the ideas of the old liberalism—that spirit of fair dealing and independence that has always marked our development.

Not only could the commercial interests of both Americas be furthered by a continued maintenance of the Monroe Doctrine, but also the peace and safety of both can be preserved by a well-defined policy depending upon the principle of the Monroe Doctrine. We can count upon the support of England now as we did in 1823. Lord Salisbury said in 1895: "Any disturbance of the territorial position in America by any European state would be most inexpedient." Here is the essence of truth and the keynote of British policy. Any change would lead to readjustment, and would in all probability endanger the peace and safety of the Latin republics for some time to come. To open South America to "colony-crazy Germany," or France with her policy of "close preserves," would endanger the peace and safety of both Americas.

While the Panama Canal will be a means by which to further our trade, it will be a source both of weakness and of strength: strategically a source of strength, because the Atlantic and Pacific fleets can easily effect a juncture; a source of weakness because it will bare our whole west coast to a quicker attack by the fleets of Europe by as much as the distance from Liverpool or Barcelona via the canal is shorter than the distance via Cape Horn.

According to our treaty obligations, we are to build the canal and keep it open to the ships of the world in times of war and peace. We are allowed to fortify it in no way. Our only means of protection is to control the islands within the Caribbean, which are arranged as the arc of a great circle with Panama as a center. Captain Mahan and the Isthmian Canal Commission have pointed out that we shall not even be on a basis of equality in the Caribbean until the defenses of Porto Rico have been built up. Captain Mahan adds that the protection of this station is as imperative as the defense of New York harbor. Jamaica, the center of the arc and the strongest position in the Caribbean, is controlled by England. Holland and France have strong positions, and Germany is straining every nerve to get a position on Curaçao or

another Dutch isle. It is easily seen that the entrance of another power or the control of another station in the Caribbean or on the northern coast of South America might endanger our peace and safety.

If we were to modify the doctrine in whole or in part, and rely upon international law as a defense, we should scarcely be sure of our future for all time to come. If we give up the doctrine, it must be for all time, not for the period of our pleasure. The tender solicitude of great national states for their authority and the movement for international arbitration warn us to be careful. That such a dominating and clever imperial genius as the emperor of Germany could easily find a way to circumvent international law is extremely probable, in view of his brilliant work in Asia Minor and his check-mating policy in Morocco against great odds.

International law has little sanctioned authority. It depends more upon the ability of a nation to back up its claims by a show of force than upon any strength it has. This in itself is a warning, while the movement for arbitration is of greater importance. The cost of war, the progress of civilization, and the rising spirit of world-unity have made for the world's peace. The rise of arbitration means a more carefully enunciated international law. When nations are represented before peace tribunals, the very existence of such tribunals will build up a body of principles accepted by all nations, in the same way as representative assemblies built up national and municipal laws accepted by a majority of the people within the state. The next Hague convention will undoubtedly secure great advances along this line. A consideration of the principles of international law will cause us to think carefully before we give up the Monroe Doctrine.

In the first place, the world's greatest authorities have long recognized that intervention under international law is an extra-legal procedure. Liszt says: "It is contrary to international law." Lord Castlereagh says: "Intervention cannot without the utmost danger be incorporated into the laws of nations." Sir William Harcourt says: "Intervention explores the trackless depth of policy. . . . A high and summary procedure which

may sometimes snatch a remedy beyond the reach of law. *Its essence is its illegality.*" Heffter, Hall, Wheaton, and Pomeroy unite in the same view.

While Phillimore, writing a long time ago, thought that the balance of power was a corollary of the right of self-defense, hence a legal and not a political doctrine, the steady practice of his nation has been against him, and his eighteenth-century ideas have been exploded. Halleck follows Phillimore in intervention in external affairs and lays down a principle of non-intervention in internal affairs—a principle not recognized by any of the other authorities. Few will go as far as Hannis Taylor and say that the Monroe Doctrine is international law. If that were true, there would be no question about it. It would clearly be a right to be defended.

In the second place, intervention for self-defense can be justified only in case the danger to a country is imminent. Over two hundred years ago Fénelon declared, in his *Examen de la conscience sur les devoirs de la royauté*, that interference in the interests of the balance of power could be justified only under one consideration: "The danger must be imminent." Wheaton, Chateaubriand, Rivier, and Holtzendorf adhere to his further statement: "No government has a right to interfere in the affairs of another government except in the case where the security and immediate interests of the first government are compromised." With this view Lord Castlereagh, Manning, Kent, Woolsey, and Walker concur.

Here, then, are the limitations of the protection of international law: first, intervention is illegal or extra-legal; second, it can be used only when the interests require war and the expense of blood and treasure. As in civil law we cannot get an injunction to prevent our neighbor from doing what may be dangerous fifty years hence, so in international law alone we could not prevent Germany from sending a governor-general to Paraguay, if Paraguay should ask for one in the near future, or a hundred years from now. Let Europe get a foothold in South America, and any number of cases could arise where the European nation would be endangered vitally, as imminently as would the United States.

It is probable that the introduction of European dominion into those countries would not be held at variance with international law by any body or tribunal; but such dominion would derive its strength from some treaty obligation, which we cannot discuss.

It would seem, then, from the standpoint of trade relations of the two Americas, and the peace and safety of the United States and its sister-republics, that the best interests of both Americas require a continuation of the principle of the exclusion of Europe under the Monroe Doctrine. We must bear in mind that the growing distrust of South America calls for a well-formed policy in the future. The much-talked-of alliance of Chili, Argentina, and Bolivia, to resist "American aggression" calls for such a careful statement of our intentions as the President made in his Chautauqua address:

We cannot permanently adhere to the Monroe Doctrine unless we succeed in making it evident, in the first place, that we do not intend to treat it in any shape or way as an excuse for aggrandizement on our part at the expense of the republics to the south of us; second, that we do not intend to permit it to be used by any of the republics as a shield to protect that government from the consequences of its own misdeeds against foreign nations; third, that inasmuch as by this doctrine we prevent other nations from interfering this side of the water, we shall ourselves in good faith try to help those of our sister-republics which need such help upward toward peace and order.

The facts scarcely warrant the assertion that navalism is the sure result of the maintenance of the doctrine. The protection of the canal will require a fleet, while more European coaling stations in the West would require still greater additions to our fleets and coast defenses. The friendly relations with England and her lack of danger in the West have furnished us with a good example of the protection of the doctrine. She has withdrawn practically all her troops from the Canadian border, as well as her Atlantic fleet, and has just lately begun to disregard her defenses in the Caribbean. Were territorial conditions changed, she would be forced to arm to the teeth—a policy we should be forced to meet.

BURDETTE GIBSON LEWIS